

## Message Text

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PAGE 01 PARIS 01277 161522Z  
ACTION EB-08

INFO OCT-01 EUR-12 EA-12 IO-14 ISO-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05  
SS-15 STR-06 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02  
SOE-02 OMB-01 DOE-11 /136 W  
-----022458 161546Z /43

R 161513Z JAN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 4280  
INFO AMEMBASSY MADRID  
AMEMBASSY STOCKHOLM  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA  
USMISSION GENEVA  
ALL EC CAPITALS

UNCLAS PARIS 01277

ALSO FOR USEEEEC PASS TREASURY

E.O. 11652: N/A  
TAGS: ETRD, EC, FR  
SUBJECT: REACTIONS TO SOLOMON STEEL TRIGGER PRICE  
SYSTEM DEVELOPMENTS

REF: 77 STATE 310183

1. "LE MONDE" OF JANUARY 13 CARRIED AN ARTICLE WHICH  
INDICATES THE EC'S CONCERNS ON THE STEEL TRIGGER PRICES.  
AN INFORMAL EMBASSY TRANSLATION FOLLOWS:

2. BEGIN TEXT. COMMUNITY CIRCLES SAY THAT THEY ARE  
PREOCCUPIED BY THE CONSEQUENCES WHICH THE APPLICATION  
OF TRIGGER PRICES RECENTLY ESTABLISHED BY WASHINGTON  
MIGHT HAVE ON EXPORTS OF STEEL PRODUCTS TO THE U.S.  
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BY THE NINE. ACCORDING TO A HIGH COMMISSION OFFICIAL,  
THE AMERICAN MEASURE, AS IT IS CURRENTLY PLANNED,  
COULD RESULT IN "A CONSIDERABLE REDUCTION" OF THESE  
EXPORTS, IN THE 50 PERCENT RANGE.

3. THE AMERICAN TRIGGER PRICES WERE CALCULATED AS A  
FUNCTION OF THE COST OF THE MOST EFFICIENT PRODUCER,

JAPAN. HOWEVER, THESE PRICES ARE INCREASED IN ORDER TO TAKE ACCOUNT OF TRANSPORTATION COSTS BETWEEN THE WEST COAST OF THE U.S. (WHERE JAPANESE STEEL ARRIVES) AND THE FINAL DESTINATION. THIS RESULTS FOR THE EAST COAST AND THE GREAT LAKES REGION - PRINCIPAL AREA FOR EC EXPORTS - IN HIGH TRIGGER PRICES WHICH, IN MOST CASES, DO NOT LEAVE A SUFFICIENT "MARGIN OF PENETRATION" FOR COMMUNITY TRADERS TO HAVE A CHANCE TO "PASS". HOWEVER, THERE WOULD NOT BE A PROBLEM FOR COLD ROLLED SHEET.

4. WHAT WILL BE THE COMMUNITY'S REPLY ? IT SEEMS THAT THE COMMUNITY WANTS TO AVOID TAKING A PREMATURE STANCE. FROM THE EXPLANATIONS OF AMERICAN EXPERTS, IT HAS RECEIVED THE IMPRESSION THAT THE SYSTEM INCLUDES A LARGE MEASURE OF FLEXIBILITY, IN OTHER WORDS, IT SHOULD BE POSSIBLE IN PRACTICE, PLAYING ON MEANS OF APPLICATION, TO ARRIVE AT SOLUTIONS WHICH DO NOT PENALIZE, OR MINIMALLY, EC EXPORTS. THE COMMISSION'S POSITION HAS ALWAYS BEEN THAT THE PRODUCING COUNTRIES, THE U.S. AS WELL THE EC, SHOULD REACH SOLUTIONS WHICH, WHILE PROTECTING THEIR MARKETS FROM LOW PRICED IMPORTS, WOULD MAINTAIN TRADITIONAL FLOWS OF TRADE. END TEXT

5. WE UNDERSTAND FROM USEEC BRUSSELS THAT THIS ARTICLE REFLECTS THE LINE THE COMMISSION IS TAKING IN PRESS BRIEFINGS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, PRICES, GOVERNMENT REACTIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Page Count:** 2  
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**Reference:** 77 STATE 310183  
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**Review Release Event:** n/a  
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**SAS ID:** 3768251  
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**Status:** NATIVE  
**Subject:** REACTIONS TO SOLOMON STEEL TRIGGER PRICE SYSTEM DEVELOPMENTS  
**TAGS:** ETRD, FR, EEC  
**To:** STATE USEEC  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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